

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 PM-03 INR-05 L-01

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FM USMISSION NATO

TO SECSTATE WASHDC PRIORITY 8409

SECDEF WASHDC PRIORITY

INFO ALL NATO CAPITALS 4540

CINCEUR

CINCLANT

CINCUSAFE

CINCUSAREUR

CINCUSNAVEUR

USDEL MBFR VIENNA

USLOSACLANT

USNMR SHAPE

C O N F I D E N T I A L USNATO 5940

E.O. 11652: GDS

TAGS: MPOL, NATO

SUBJECT: MINISTERIAL GUIDANCE: RESOURCES

REF: A. USNATO 5882

B. USNATO 5280 (NOTAL)

1. ASYG HUMPHREYS HAS CIRCULATED ALTERNATIVE FORMULATIONS FOR RESOURCES

SECTION OF MINISTERIAL GUIDANCE BASED ON DEFENSE REVIEW COMMITTEE
(DRC) DISCUSSIONS (REFTELS). HUMPHREYS PLANS TO RAISE MATTER, TIME
PERMITTING, AT OCTOBER 28 DRC MEETING. TEXT FOLLOWS:

BEGIN TEXT:

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RESOURCE GUIDANCE

ALTERNATIVE FORMULATIONS OF THE RESOURCE GUIDANCE,
BASED ON THE DISCUSSION IN COMMITTEE ON 15TH OCTOBER, 1974:

"THE NATO MILITARY AUTHORITIES ARE INVITED TO BASE
THEIR FORCE PROPOSALS ON THE FOLLOWING ASSUMPTIONS:"

ALTERNATIVE I (DRC/WP(74)4 DRAFT MODIFIED ALONG THE LINES
PROPOSED BY GERMANY AND BELGIUM)

"(A) COUNTRIES WHICH DEVOTE TO DEFENCE A PERCENTAGE
OF GNP ABOVE THE AVERAGE FOR NATO EUROPE (4.2 PER CENT)
MAINTAIN THEIR PRESENT PERCENTAGE UP TO 1982.

(B) COUNTRIES WHICH DEVOTE A LESSER PERCENTAGE OF
GNP TO DEFENCE TRY PROGRESSIVELY TO REACH
EITHER A SHARE OF 4.2 PER CENT OR TO SPEND ON DEFENCE
AN AMOUNT PER CAPITA OF POPULATION WHICH WILL
NOT BE BELOW US \$200 IN 1974 VALUES, INCREASING,
IN ANY CASE, DEFENCE EXPENDITURES BY 3 TO 5 PERCENT IN
REAL TERMS ANNUALLY."

ALTERNATIVE II (UNITED STATES' PROPOSALS ALONG THE LINES SUPPORTED
BY ITALY AND NORWAY)

"COUNTRIES MAINTAIN MANPOWER LEVELS (UNLESS REDUCED
THROUGH MBFR AGREEMENTS), TAKING APPROPRIATE ACTION
TO MEET IN FULL INFLATIONARY PRICE AND PAY INCREASES,
AND PROVIDE FOR SOME MODEST REAL INCREASE IN DEFENCE
BUDGETS OF THE ORDER OF 3 TO 5 PER CENT A YEAR, THE INCREASES
TO BE APPLIED TO PROGRAMMES FOR MAJOR EQUIPMENT AND
AMMUNITION."

MISSION COMMENT: MISSION BELIEVES ALTERNATIVE II SQUARES WITH
US DISCUSSION PAPER ON MINISTERIAL GUIDANCE. HOWEVER, MISSION
PROPOSES TO ASK DRC DURING OCTOBER 28 MEETING TO ADD FOLLOWING
SENTENCE COVERING COUNTRIES SUCH AS BELGIUM WHO PLAN TO EXCEED
3 PERCENT REAL GROWTH RATE AND OPPOSITE SITUATION OF UK.
BEGIN QUOTE: MILITARY AUTHORITIES SHOULD ASSUME, AS APPROPRIATE,
HIGHER RESOURCE LIMITS FOR THOSE COUNTRIES WHOSE DEFENSE SPENDING
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PLANS EXCEED 3-5 PERCENT REAL ANNUAL INCREASES AND LOWER
LIMITS FOR THOSE COUNTRIES WHO, AFTER CONSULTATIONS IN APPROPRIATE
NATO FORA, INDICATE THEY ARE UNABLE TO ACHIEVE DESIRED INCREASES.
END QUOTE.

END MISSION COMMENT.

BEGIN TEXT:

ALTERNATIVE III (THE CURRENT RESOURCE GUIDANCE DPC/D(73)13,
DATED 12TH JUNE, 1973)

"COUNTRIES ALLOCATE TO NATO DEFENCE PURPOSES, WHERE

THIS IS WITHIN THEIR ECONOMIC CAPABILITY, A STABLE
AND POSSIBLY LARGER PROPORTION OF THEIR GROWING
WEALTH."

END TEXT.
MCAULIFFE

CONFIDENTIAL

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TAGS: MPOL, NATO
To: STATE
SECDEF INFO ALL NATO CAPITALS
CINCEUR
CINCLANT
CINCUSAFE
CINCUSAREUR
CINCUSNAVEUR

MBFR VIENNA
USLOSACLANT
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